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SENATE BILL 391

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

Nancy Rodriguez

AN ACT

RELATING TO GROUP INSURANCE PLANS; PROVIDING THAT A PORTION OF THE PREMIUMS FOR LEGISLATORS UNDER THE GROUP INSURANCE PLAN BE PAID BY THE STATE; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 10-7-4 NMSA 1978 (being Laws 1941, Chapter 188, Section 1, as amended) is amended to read:

"10-7-4. GROUP INSURANCE--CAFETERIA PLAN--CONTRIBUTIONS FROM PUBLIC FUNDS.--

A. All state departments and institutions and all political subdivisions of the state, excluding municipalities, counties and political subdivisions of the state with twenty-five employees or fewer, shall cooperate in providing group term life, medical or disability income insurance for the benefit of eligible employees or salaried officers of the

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1 respective departments, institutions and subdivisions.

2 B. The group insurance contributions of the state
3 or any of its departments or institutions, including
4 institutions of higher education and the public schools, shall
5 be made as follows:

6 (1) seventy-five percent of the cost of the
7 insurance of a legislator or an employee whose annual salary is
8 less than fifteen thousand dollars (\$15,000);

9 (2) seventy percent of the cost of the
10 insurance of an employee whose annual salary is fifteen
11 thousand dollars (\$15,000) or more but less than twenty
12 thousand dollars (\$20,000);

13 (3) sixty-five percent of the cost of the
14 insurance of an employee whose annual salary is twenty thousand
15 dollars (\$20,000) or more but less than twenty-five thousand
16 dollars (\$25,000); or

17 (4) sixty percent of the cost of the insurance
18 of an employee whose annual salary is twenty-five thousand
19 dollars (\$25,000) or more. [~~and~~

20 ~~(5) the state shall not make any group~~
21 ~~insurance contributions for legislators. A legislator shall be~~
22 ~~eligible for group benefits only if the legislator contributes~~
23 ~~one hundred percent of the cost of the insurance.]~~

24 As used in this subsection, "cost of the insurance" means
25 the premium required to be paid to provide coverages. Any

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1 contributions of the political subdivisions of the state,
2 except the public schools and political subdivisions of the
3 state with twenty-five employees or fewer, shall not exceed
4 sixty percent of the cost of the insurance.

5 C. When a public employee elects to participate in
6 a cafeteria plan as authorized by the Cafeteria Plan Act and
7 enters into a salary reduction agreement with the governmental
8 employer, the ~~[provision]~~ provisions of Subsection B of this
9 section with respect to the maximum contributions that can be
10 made by the employer are not violated and will still apply.
11 The employer percentage or dollar contributions as provided in
12 Subsection B of this section shall be determined by the
13 employee's gross salary prior to any salary reduction
14 agreement.

15 D. Any group medical insurance plan offered
16 pursuant to this section shall include effective cost-
17 containment measures to control the growth of health care
18 costs. The responsible public body that administers a plan
19 offered pursuant to this section shall report annually by
20 September 1 to appropriate interim legislative committees on
21 the effectiveness of the cost-containment measures required by
22 this subsection."

23 Section 2. Section 10-7B-6 NMSA 1978 (being Laws 1989,
24 Chapter 231, Section 6, as amended) is amended to read:

25 "10-7B-6. STATE EMPLOYEES GROUP BENEFITS SELF-INSURANCE
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1 PLAN--AUTHORIZATION--LOCAL PUBLIC BODY PARTICIPATION.--

2 A. The risk management division of the general
3 services department may, with the prior advice of the
4 committee, establish and administer a group benefits self-
5 insurance plan, providing life, vision, health, dental and
6 disability coverages, or any combination of such coverages, for
7 employees of the state and of participating local public
8 bodies. Any such group benefits self-insurance plan shall
9 afford coverage for employees' dependents at each employee's
10 option. Any such group benefits self-insurance plan may
11 consist of self-insurance or a combination of self-insurance
12 and insurance; provided that particular coverages or risks may
13 be fully insured, fully self-insured or partially insured and
14 partially self-insured.

15 B. The director, with the advice of the committee,
16 shall establish by regulation or letter of administration the
17 types, extent, nature and description of coverages, the
18 eligibility rules for participation, the deductibles, rates and
19 all other matters reasonably necessary to carry on or
20 administer a group benefits self-insurance plan established
21 pursuant to Subsection A of this section.

22 C. The contribution of each participating state
23 agency to the cost of any such group benefits self-insurance
24 plan shall not exceed that percentage provided for state group
25 benefits insurance plans as provided by law. The contribution

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1 of a participating local public body to the cost of any such
2 group benefits self-insurance plan shall not exceed that
3 percentage provided for local public body group benefits
4 insurance plans as provided by law.

5 D. Except as provided in Subsection E of this
6 section, public employees' contributions to the cost of any
7 group benefits self-insurance plan may be deducted from their
8 salaries and paid directly to the group self-insurance fund;
9 provided that where risks are insured or reinsured, the
10 director may authorize payment of the costs of such insurance
11 or reinsurance directly to the insurer or reinsurer.

12 E. A legislator and the legislator's covered
13 dependents are eligible to participate in and receive benefits
14 from the group benefits self-insurance plan if the legislator
15 pays monthly premiums in amounts that equal [~~one hundred~~]
16 twenty-five percent of the cost of the insurance. The premiums
17 shall be paid directly to the group self-insurance fund;
18 provided that where risks are insured or reinsured, the
19 director may authorize payment of the premiums directly to the
20 insurer or reinsurer.

21 F. Local public bodies and state agencies that are
22 not participating in the state group benefits insurance plan or
23 self-insurance plan may elect to participate in any group
24 benefits self-insurance plan established pursuant to Subsection
25 A of this section by giving written notice to the director on a

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1 date set by the director, which date shall not be later than
2 ninety days prior to the date participation is to begin. The
3 director shall determine an initial rate for the electing
4 entity in accordance with a letter of administration setting
5 forth written guidelines established by the director with the
6 committee's advice. The initial rate shall be based on the
7 claims experience of the electing entity's group for the three
8 immediately preceding continuous years. If three years of
9 continuous experience is not available, a rate fixed for the
10 entity by the director with the committee's advice shall apply,
11 and the electing entity's group shall be rerated on the first
12 premium anniversary following the date one full year of
13 experience for the group becomes available. Any such election
14 may be terminated effective not earlier than June 30 of the
15 third calendar year succeeding the year in which the election
16 became effective or on any June 30 thereafter. Notice of
17 termination shall be made in writing to the director not later
18 than April 1 immediately preceding the June 30 on which
19 participation will terminate. A reelection to participate in
20 the plan following a termination may not be made effective for
21 at least three full years following the effective date of
22 termination.

23 G. As soon as practicable, the director with the
24 committee's advice shall establish an experience rating plan
25 for state agencies and local public bodies participating in any

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1 group benefits self-insurance plan created pursuant to
2 Subsection A of this section. Rates applicable to state
3 agencies and participating local public bodies shall be based
4 on such experience rating plan. Any such experience rating
5 plan may provide separate rates for individual state agencies
6 and individual local public bodies or for such other experience
7 centers as the director may determine."

8 Section 3. APPROPRIATION.--One hundred fifty thousand
9 dollars (\$150,000) is appropriated from the general fund to the
10 legislative council service for expenditure in fiscal year 2005
11 for the purpose of paying the state contribution for the cost
12 of insurance for legislators. Any unexpended or unencumbered
13 balance remaining at the end of fiscal year 2005 shall revert
14 to the general fund.

15 Section 4. EFFECTIVE DATE.--The effective date of the
16 provisions of this act is July 1, 2004.